

Summary of LB 775 Benefits Approved Through 12/31/98

Table 2 summarizes the credits earned and used and the direct sales/use tax refunds approved for qualified companies through December 31, 1998. Also included are the sales and use tax refunds pending approval at year end. Detail by type of agreement is provided in Table 3.

Detail by industry group is provided in Tables 4 through 8 and 10 through 14. Table 9 breaks down sales tax refunds between city and state tax. Tables 15 through 25 regroup the companies by year of qualification.

Summary of LB 775 Benefits Approved

Table 2

The Department of Revenue has conducted field reviews of companies which filed reports with the department indicating that they had met the minimum new jobs and investment levels to qualify for incentives. Table 1 shows the number of qualifying companies verified by field review. Based on these examinations, the department has approved:

	1988-1994*	1995	1996	1997	1998	Total
Investment Credits	\$364,404,226	\$132,316,992	\$ 87,265,973	\$148,254,617	\$100,958,948	\$ 833,200,756
New Jobs Credits	159,521,763	43,203,871	40,387,977	39,729,028	40,089,986	322,932,625
Total Credits Earned	\$523,925,989	\$175,520,863	\$127,653,950	\$187,983,645	\$141,048,934	\$1,156,133,381
Credits Used						
Income Tax**	\$121,216,301	\$43,701,987	\$50,905,348	\$48,725,683	\$44,257,680	\$308,806,999
Sales/Use Tax Refunds	84,061,204	32,432,343	35,547,699	40,400,815	56,039,915	248,481,976
Total Credits Used	\$205,277,505	\$76,134,330	\$86,453,047	\$89,126,498	\$100,297,595	\$557,288,975
Direct Sales/Use Tax Refunds on Investment	\$164,898,618	\$39,440,318	\$50,768,751	\$30,092,262	\$49,765,826	\$334,965,775
Recapture***						
Repaid	\$1,905,893	\$680,555	\$414,659	\$1,066,309	\$1,284,532	\$5,351,948
From Credits	0	564,176	739,988	424,278	274,014	2,002,456
Qualified Investment	\$5,346,834,173	\$1,498,911,442	\$976,199,731	\$1,773,427,614	\$1,218,979,775	\$10,814,352,735
New Jobs of Qualifying Companies	31,130	8,224	7,704	5,754	5,885	58,697
Sales/Use Tax Refunds Pending Approval at Year End		\$23,999,488	\$18,907,607	\$42,399,495	\$29,305,069	

* For details by year see 1995 Annual Report

	1988-94	1995	1996	1997	1998	Total
** Corporate	\$ 98,968,187	\$36,689,563	\$36,416,262	\$41,854,411	\$35,704,704	\$249,633,127
Individual	22,248,114	7,012,424	14,489,086	6,871,272	8,552,976	59,173,872
Total	\$121,216,301	\$43,701,987	\$50,905,348	\$48,725,683	\$44,257,680	\$308,806,999

*** If a company fails to maintain either the minimum employment or investment required by its agreement, one seventh of the refunds and one-seventh of the credits used are recaptured and one-seventh of the credit carryover at the end of the entitlement period is recaptured for each year the company is below the required levels. Through December 31, 1998, twenty-two companies were in recapture. \$3,797,764 in repayment due has been netted from approved refund claims, and \$1,554,183, plus interest, has been repaid in cash. Credit carryover for companies that have reached the end of the entitlement period has been reduced by \$2,002,456.

Description of Application Options

\$20M investment and no employees. Benefits include:

- Election to use “sales only” factor to apportion state taxable income, and
- Direct refund of all sales and use tax paid on purchases of qualified property at the project.

\$3M investment and 30 employees. In addition to the benefits listed above, a \$3M + 30 applicant is eligible for:

- Five percent tax credit on the amount the total compensation paid to employees who are either Nebraska employees or base-year employees exceeds the compensation attributed to base-year employees, and
- Ten percent tax credit on total investment in qualified property.

\$10M investment and 100 employees. In addition to the benefits listed above, a \$10M + 100 applicant is eligible for property tax exemption on:

- Turbine-powered aircraft or jets,
- Mainframe business computers and peripheral components used at the project, and
- Equipment used directly in processing agricultural products.

Please note that a company applying under the \$10M + 100 employee option has a two-part agreement, one at the \$3M + 30 employee level and one at the \$10M + 100 employee level. The companies listed as having applied under the \$10M + 100 employee level may only have qualified under the \$3M + 30 employee portion of their agreement. The only additional benefits available under the \$10M + 100 employee portion of an agreement are the property tax benefits.

Table 3 shows the total benefits approved for each type of agreement, as described above, through 1998.

Table 4 shows the types of companies that are included in each industry group. The industry groups are based on Standard Industrial Classification (SIC) codes. All industry groups include a minimum of three (3) companies. The options under which companies in each industrial group have qualified are shown in the last column.

**Table 3 Analysis of Benefits Approved by Type of Agreement
(Cumulative Through 1998)**

	\$20 Million 0 Employees	\$3 Million 30 Employees	\$10 Million 100 Employees	Total
Number of Companies	13	133	108	254
Investment Credits		\$299,982,053	\$533,218,703	\$ 833,200,756
New Jobs Credits		119,962,630	202,969,995	322,932,625
Total Credits Earned		<u>\$419,944,683</u>	<u>\$736,188,698</u>	\$1,156,133,381
Credits Used				
Income Tax		\$117,181,041	\$191,625,958	\$308,806,999
Sales/Use Tax Refunds		70,489,561	177,992,415	248,481,976
Total Credits Used		<u>\$187,670,602</u>	<u>\$369,618,373</u>	\$557,288,975
Direct Sales/Use Tax Refunds on Investment	\$72,847,913	\$83,377,116	\$178,740,746	\$334,965,775
Qualified Investment	\$2,483,156,892	\$2,999,820,253	\$5,331,375,590	\$10,814,352,735
New Jobs of Qualifying Companies		22,625	36,072	58,697
Sales/Use Tax Refunds Pending Approval at Year End (12-31-98)	\$6,100,227	\$9,074,879	\$14,129,963	\$29,305,069